

ENRON POWER MARKETING, INC.

ORDER No. EA-115

I. BACKGROUND

Exports of electric energy from the United States to a foreign country are regulated and require authorization under Section 202(e) of the Federal Power Act (FPA) (16 U.S.C. §824a(e)).

On June 3, 1996, Enron Power Marketing, Inc. (EPMI) applied to the Office of Fossil Energy (FE) of the Department of Energy (DOE) for authorization to transmit electric energy to Canada.¹ EPMI is a power marketer which has been authorized by the Federal Energy Regulatory Commission (FERC) to make sales of electric power at wholesale in interstate commerce, at negotiated rates. EPMI buys and sells electric energy for its own account; it does not own or control any electric generating or transmission facilities, nor does it have a franchised service area.

EPMI proposes to purchase surplus electric energy from electric utilities in the United States and to export this energy on its own behalf to Canadian entities. The energy to be exported would be delivered to Canada over the international electric transmission facilities owned and operated by Basin Electric Power Cooperative, Bonneville Power Administration (BPA), Citizens Utilities Company, The Detroit Edison Company, Eastern Maine Electric Cooperative, Joint Owners of the Highgate Project, Maine Electric Power Company, Maine Public Service Company, Minnesota Power & Light Company, Minnkota Power Cooperative, New York Power Authority (NYPA), Niagara Mohawk Power Corporation, Northern States Power Company, and Vermont Electric Transmission Company.

Notice of this application appeared in the Federal Register on June 19, 1996 (61 FR 31092), requesting that comments, protests, and petitions to intervene be submitted to the DOE by July 19, 1996. None were received.

II. ANALYSIS

The authority requested of DOE by EPMI under section 202(e) of the FPA is a necessary condition for exporting. However, even with this grant of authority, EPMI must still make the necessary commercial arrangements and obtain any and all other regulatory approvals which may be required in order to effect the export, including obtaining all necessary transmission access

¹In Order EA-102, issued February 6, 1996, EPMI was authorized to transmit electric energy, as a power marketer, to Mexico.

required to wheel the exported energy to the foreign purchaser. In order to obtain sufficient transmission access to wheel the electricity to the border, EPMI must come to terms with the affected transmission systems and obtain any necessary regulatory approvals. In considering EPMI's request, the transmission systems would have to assess the reliability impacts of moving the export through their systems and, presumably, would only agree to provide service under terms and conditions that would not cause reliability problems on their own systems.

The issues related to authorizing exports of electricity by power marketers has been thoroughly addressed by DOE in several previous orders covering exports to Canada and Mexico through border facilities both jurisdictional and non-jurisdictional to the FPA.² DOE believes that the analysis of the issues in those other power marketer dockets would be equally applicable here to EPMI and, for the most part, does not need to be repeated here.

Before an electricity export authorization is granted, DOE must find that the proposed export will not impair the sufficiency of electric supply within the U.S. and that it will not impede the coordinated use of regional transmission facilities. DOE has always used a flexible approach in determining the information necessary to evaluate reliability impacts for specific export proposals. In determining reliability impact for exports by power marketers, DOE has used a combination of established industry guidelines, operating procedures and/or infrastructure, as well as technical studies supporting authorizations issued for traditional entities operating at the border. Allowing these existing technical studies to suffice for in this docket is sound and, thus, DOE need not perform additional reliability assessments here, provided the maximum rate of transmission for all exports through a border system does not exceed the previously authorized limit of the system.

However, several of the international transmission lines over which EPMI seeks export authority are owned and operated by NYPA and BPA, both of which are non-jurisdictional to section 202(e) of the FPA. Consequently, DOE has never issued export authorizations for these lines which could be used to limit exports and for which reliability assessment have been prepared. As explained in earlier orders, the limits for exports over these lines were derived from data provided to DOE by NYPA and BPA.³

Several export authorizations issued to "traditional" electric utilities contain limits on the amount of energy that utility can export. DOE recognizes the potential inequity of placing energy limits on "traditional" utilities while authorizing marketers to export unlimited amounts of energy. DOE will address this issue in a future proceeding. Until that proceeding is completed, exports by power marketers will be constrained by the same energy limits contained in existing export authorizations. Furthermore, exports by power marketers will not be "charged against" (i.e.,

²As of the date this Order was issued, DOE had previously issued electricity export authorizations to power marketers in FE Orders EA-102 (Enron, for exports to Mexico), EA-103 (North American Energy Conservation), EA-105-MX and EA-105-CN (NorAm), EA-110 (CNG), EA-112 (USGenerating), EA-113 (Destec), and EA-114 (MidCon Power).

³See Orders Nos. EA-114 (MidCon Power) and EA-105-CN (NorAm).

reduce) the energy limits which the holders of these existing export authorization must now abide by.

In its application EPMI requested that the proposed export authorization be issued without a time limit.⁴ DOE recognizes that the participation of power marketers in the international electric energy marketplace is a new phenomenon and that the transactions envisioned by these entities are less structured than those of “traditional” electric utilities. Therefore, DOE will for the foreseeable future continue to limit all initial export authorizations issued to power marketers to two years in length and require quarterly reporting of energy transactions at the borders.

III. FINDING AND DECISION

Because EPMI has no native load obligations usually associated with a franchised service area, and because the electric power purchased by EPMI for export to Canada would be surplus to the needs of the electric utilities selling the power to EPMI, DOE finds that such exports by EPMI would not impair the sufficiency of electric supply within the United States. Furthermore, based on the analysis above, DOE finds that the proposed export, as conditioned and limited herein, would not impede or tend to impede the coordinated use of transmission facilities within the meaning of section 202(e) of the FPA.

DOE also has assessed the potential environmental impacts associated with the authorizing of the proposed export and has determined that this action is among those classes of actions not normally requiring preparation of an environmental assessment or an environmental impact statement and, therefore, is eligible for categorical exclusion under Appendix B to Subpart D, paragraph B4.2 of the revised DOE Regulations implementing the National Environmental Policy Act of 1969. Documentation of the use of this categorical exclusion has been placed in this Docket.

IV. ORDER

Based on the above finding, it is hereby ordered that EPMI is authorized to export electric energy to Canada under the following terms and conditions:

(A) The electric energy exported by EPMI pursuant to this Order may be delivered to Canada only over the following existing international transmission facilities for which assessments of the transmission limits for operation in the export mode have been made:

⁴To date, the initial export authorization issued to most power marketers has been limited to a two-year term. The authorization issued to USGenerating (USGen) (Docket EA-112, June 27, 1996) was for a five-year term because USGen demonstrated to DOE that it had an executed 5-year sales agreement with a Canadian entity.

<u>Owner</u>	<u>Location</u>	<u>Voltage</u>	<u>Presidential Permit No.⁵</u>
Basin Electric	Tioga, ND	230-kV	PP-64
Bonneville Power Administration	Blaine, WA	2 - 500-kV	PP-10
	Nelway, WA	230-kV	PP-36
	Nelway, WA	230-kV	PP-46
Citizens Utilities	Derby Line, VT	120-kV	PP-66
Detroit Edison	St. Clair, MI	345-kV	PP-38
	Maryville, MI	230-kV	PP-21
	Detroit, MI	230-kV	PP-21
	St. Clair, MI	345-kV	PP-58
Eastern Maine Elect. Coop.	Calais, ME	69-kV	PP-32
Joint Owners of Highgate Project	Highgate, VT	345-kV ⁶	PP-82
Maine Electric Power Co.	Houlton, ME	345-kV	PP-43
Maine Public Service Co.	Limestone, ME	69-kV	PP-12
	Fort Fairfield, ME	69-kV	PP-12
	Arostock County, ME	138-kV	PP-29
	Madawaska, ME	2 - 69-kV	PP-29
Minnesota Power and Light Co.	International Falls, MN	115-kV	PP-78
Minnkota Power	Roseau County, MN	230-kV	PP-61
<u>Owner</u>	<u>Location</u>	<u>Voltage</u>	<u>Presidential Permit No.</u>

⁵Permit numbers referred to in this Order include any subsequent amendments to the initial base permit.

⁶These facilities were constructed at 345-kV but operated at 120-kV.

New York Power Authority	Massena, NY	765-kV	PP-56
	Massena, NY	2-230-kV	PP-25
	Niagara Falls, NY	2-345-kV	PP-74
	Devils Hole, NY	230-kV	PP-30
Niagara Mohawk Power Corp.	Devils Hole, NY	230-kV	PP-31
Northern States Power	Red River, ND	230-kV	PP-45
	Roseau County, MN	500-kV	PP-63
Vermont Electric Transmission Co.	Norton, VT	\pm 450-kV DC	PP-76

(B) Exports authorized herein shall not cause a violation of the following terms and conditions contained in existing electricity export authorizations associated with the international transmission facilities identified in paragraph (A), or reduce the gross amount of energy which may be exported by the present holders of those authorizations. Specifically:

(1) Exports by EPMI pursuant to this Order shall not cause the total exports on the facilities authorized by Presidential Permit PP-64 (issued to Basin Electric) to exceed an instantaneous transmission rate of 150 MW. The gross amount of energy which EPMI may export over the PP-64 facilities shall not exceed 900,000 megawatt-hours (MWh) during any consecutive 12-month period.

(2) Exports by EPMI pursuant to this Order shall not cause the total exports on the facilities authorized by Presidential Permit PP-66 (issued to Citizens Utilities) to exceed an instantaneous transmission rate of 50 megawatts (MW). The gross amount of energy which EPMI may export over the PP-66 facilities shall not exceed 50,000 MWh annually.

(3) Exports by EPMI pursuant to this Order shall not cause the total exports on a combination of the facilities authorized by Presidential Permits PP-21, PP-38, and PP-58 (issued to Detroit Edison) to exceed a coincident, instantaneous transmission rate of 2.2 billion volt-amperes (2,200 MVA). The gross amount of energy which EPMI may export over the PP-21, PP-38, and PP-58 facilities shall not exceed 4,000,000 MWh annually.

(4) Exports by EPMI made pursuant to this Order shall not cause the total exports on the facilities authorized by Presidential Permit PP-32 (issued to Eastern Maine Electric Coop.) to exceed an instantaneous transmission rate of 15 MW. The gross amount of energy which EPMI may export over the PP-32 facilities shall not exceed 7,500 MWh annually.

(5) Exports by EPMI made pursuant to this Order shall not cause the total exports on the facilities authorized by Presidential Permit PP-82 (issued to the Joint Owners of the Highgate

Project) to exceed an instantaneous transmission rate of 200 MW nor cause a violation of the following security constrained export limits:

<u>Vermont Total Load (MW)</u>	<u>Security Constrained Maximum Export (MW)</u>
1000	0
900	40
800	90
700	125
600	150
500	170

(6) Exports by EPMI made pursuant to this Order shall not cause the total exports on the facilities authorized by Presidential Permit PP-43 (issued to Maine Electric Power Company) to exceed an instantaneous transmission rate of 500 MW.

(7) Exports by EPMI made pursuant to this Order shall not cause the total exports on the combination of facilities authorized by Presidential Permits PP-12 and PP-29 (issued to Maine Public Service Company) to exceed a coincident, instantaneous transmission rate of 9.8 MW. The gross amount of energy which EPMI may export over a combination of the PP-12 and PP-29 facilities shall not exceed 40,000 MWh annually.

(8) Exports by EPMI made pursuant to this Order shall not cause total exports on the facilities authorized by Presidential Permit PP-78 (issued to Minnesota Power and Light Company) to exceed an instantaneous transmission rate of 100 MW. Exports by EPMI may cause total exports on the PP-78 facilities to exceed 100 MW only when total exports between the Mid-Continent Area Power Pool (MAPP) and Manitoba Hydro are below maximum transfer limits and/or whenever operating conditions within the MAPP system permit exports on the PP-78 facilities above the 100-MW level without violating established MAPP reliability criteria. However, under no circumstances shall exports by EPMI cause total exports on the PP-78 facilities to exceed 150 MW.

(9) Exports by EPMI made pursuant to this Order shall not cause the total exports on the facilities authorized by Presidential Permit PP-61 (issued to Minnkota Power) to exceed an instantaneous transmission rate of 350 MW. The gross amount of energy which EPMI may export over the PP-61 facilities shall not exceed 3,000,000 MWh annually.

(10) Exports by EPMI made pursuant to this Order shall not cause the total exports on the facilities authorized by Presidential Permit PP-63 (issued to Northern States Power) to exceed an instantaneous transmission rate of 500 MW.

(11) Exports by EPMI made pursuant to this Order shall not cause a violation of the following conditions as they apply to exports over the \pm 450-kV direct current transmission line authorized by Presidential Permit PP-76⁷ (issued to Vermont Electric Transmission Company):

NEPOOL		
<u>Exports Through</u>	<u>Load Condition</u>	<u>Export Limit</u>
Comerford converter	Summer, Heavy	650 MW
Comerford converter	Winter, Heavy	660 MW
Comerford converter	Summer, Light	690 MW
Comerford converter	Winter, Light	690 MW
Comerford & Sandy Pond converters	All	2,000 MW

(12) Exports by EPMI made pursuant to this Order shall not cause the total exports on the facilities authorized by Presidential Permit PP-56 (issued to NYPA) to exceed an instantaneous transmission rate of 1000 MW.

(13) Exports by EPMI made pursuant to this Order shall not cause the total exports on the facilities authorized by Presidential Permits PP-25, PP-30, PP-31 and PP-74 (issued to NYPA and Niagara Mohawk) to exceed a combined instantaneous transmission rate of 550 MW.

(14) Exports by EPMI pursuant to this Order shall not cause total exports on the two 500-kV lines authorized by Presidential Permit PP-10, the 230-kV line authorized by Presidential Permit PP-36, and the 230 kV line authorized by Presidential Permit PP-46 (issued to BPA) to exceed the following limits:

<u>Condition</u>	PP-36 & PP-46	PP-10	Total Export
	<u>Limit</u>	<u>Limit</u>	<u>Limit</u>
All lines in service	400 MW	1500 MW	1900 MW
1-500 kV line out	400 MW	300 MW	700 MW
2-500 kV lines out	400 MW	0 MW	400 MW
1-230 kV line out	400 MW	1500 MW	1900 MW
2-230 kV lines out	0 MW	1500 MW	1500 MW

(C) Amendment of the export authorizations from which the export limits contained in subparagraphs B(1) through B(11) above were derived will result in a concomitant change to the export limits contained in those subparagraphs. Any request by EPMI for changes to the export limits contained in subparagraphs B(12), B(13) and B(14) above will be considered by DOE after submission by EPMI of appropriate information demonstrating a change in the transmission

⁷The electricity export authorization associated with this transmission line was issued in FE Order EA-76-C to New England Power Pool.

transfer capability between NYPA and Ontario Hydro, NYPA and Hydro-Quebec, BPA and BC Hydro, or BPA and West Kootenay Power.

(D) EPMI may commence exports only over those international transmission lines identified in paragraph (A) for which EPMI provides DOE written evidence that sufficient transmission service has been obtained for delivery of the exported energy to the border. This evidence can consist of signed letters of agreement for the service between EPMI and each Presidential permit holder and should identify specific facilities by name and Presidential permit number.

(E) In scheduling the delivery of electricity exports to Canada, EPMI shall comply with all reliability criteria, standards, and guides of the North American Electric Reliability Council and Regional Councils, on such terms as expressed therein, and as such criteria, standards, and guides may be amended from time to time.

(F) EPMI shall conduct all operations pursuant to the authorization hereby granted in accordance with the provisions of the FPA and pertinent rules, regulations, and orders adopted or issued by the DOE.

(G) The authorization herein granted may be modified from time to time or terminated by further order of the DOE, but in no event shall such authorization extend beyond the date of termination or expiration of the Presidential permits referred to in paragraph (A) above.

(H) This authorization shall be effective for a period of two years from the date of this Order. Within six months prior to the expiration of this authorization, EPMI may reapply for renewal of this two-year authorization or request a period of time longer than the two-year period.

(I) This authorization shall be without prejudice to the authority of any State or State regulatory commission for the exercise of any lawful authority vested in such State or State regulatory commission.

(J) EPMI shall make and preserve full and complete records with respect to the electric energy exported to Canada. EPMI shall furnish quarterly reports to the DOE, within 30 days following each calendar quarter, showing the gross amount of electricity delivered and the consideration received during each month of the previous quarter, and the maximum hourly rate of transmission.

Quarterly reports shall be submitted to the U.S. Department of Energy, Office of Fossil Energy, FE-52, 1000 Independence Avenue, SW, Washington, D.C. 20585-0305. Properly identified quarterly reports will also be accepted via facsimile at (202) 287-5736 to meet time requirements, but original copies should still be filed at the above address.

(K) In accordance with 10 C.F.R. §205.305, this authorization is not transferable or assignable, except in the event of the involuntary transfer of this authority by operation of law. Provided written notice of the involuntary transfer is given DOE within 30 days, this authorization shall

continue in effect temporarily. This continuance also is contingent on the filing of an application for permanent authorization within 60 days of the involuntary transfer and the authorization shall then remain effective until a decision is made on the new application. In the event of a proposed voluntary transfer of this authority to export electricity, the transferee and the transferor shall file jointly an application for a new export authorization, together with a statement of reasons for the transfer.

(L) Exports authorized herein shall be reduced or suspended, as appropriate, whenever a continuation of those exports would impair or tend to impair the reliability of the U.S. electric power supply system.

Issued in Washington, D.C., on September 26, 1996.

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